The perceived usefulness of financial information for decision-making in Portuguese municipalities: the importance of internal control
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Article information:
To cite this document:
Permanent link to this document:
http://dx.doi.org/10.1108/JAAR-05-2014-0052
Downloaded on: 07 January 2017, At: 09:18 (PT)
References: this document contains references to 0 other documents.
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THE PERCEIVED USEFULNESS OF FINANCIAL INFORMATION FOR DECISION-MAKING IN PORTUGUESE MUNICIPALITIES: THE IMPORTANCE OF INTERNAL CONTROL

Purpose – This paper analyses the extent to which the perceived usefulness of financial information for internal decision-making is affected by the internal control to which that information is subjected.

Design/methodology/approach – The research is positivist and quantitative, based on a cross-sectional analysis developed in the Local Government context. Data were collected from a survey to decision-makers (politicians and chief officials) in charge of the financial area in all Portuguese municipalities. The response rate was approximately 49%, assuring representativeness.

Findings – Regarding the perceived usefulness of financial and budgetary reporting for internal decision-making, the results in the paper show that municipalities’ internal users’ attitudes towards using accrual-based financial reporting for decision-making is changing. Additionally, internal decision-makers consider financial and budgetary information as very useful for decision-making, and the different types of internal control applicable to that information as very important. The results also clearly point to the existence of a significant and positive relationship between the internal control (including internal auditing) to which financial and budgetary information is subject, and its perceived usefulness for municipal decision-making.

Research limitations/implications – The main limitations of this study are related to the way in which information was collected in order to obtain empirical evidence. The questionnaire, sent by email, despite reaching a wide-range and dispersed population, cannot guarantee the truthfulness and integrity of the responses. Findings might have been affected by the fact that respondents may have been sympathetic to the reforms brought by the Official Local Government Accounting Plan (POCAL). Certainly, politicians linked to the political party that promoted those reforms would be predisposed in this way. Another limitation might concern the fact that new laws and regulations passed after POCAL, might have somehow affected the answers regarding the perceived usefulness of budgetary and financial information for internal decision-making, as well as the importance of the internal control to which that information is subject.

Practical implications – The results of this study have important repercussions for the implementation of internal control systems at the Local Government level. Particularly, they highlight the need to develop or improve internal control procedures to ensure budgetary and financial information reliability, which in turn determines its usefulness for decision-making purposes.

Originality/value – This research makes a contribution to the (scarce) literature on the relationship between internal control and the perceived usefulness of financial and budgetary information for decision-making, particularly in the local government setting. It adds with further empirical evidence concerning the relationship between these two issues, helping to reinforce previous embryonic research in this field.

As to policy-making, this research also contributes by calling attention for the need to define the types of internal control financial information must be subject, a critical issue while assuring the usefulness of that information for decision-making. This is particular important in current contexts of countries moving towards IPSAS-based financial reporting systems.
Keywords: Budgetary and financial statements; internal control; decision-making; Local Government.

Article Classification: Research paper

1. Introduction

In recent years, accountability in the public sector has played a fundamental role worldwide as a means to improve economy, efficiency, and effectiveness in Public Administration. The introduction of the New Public Management (NPM) principles (Hood, 1995) changed the meaning and content of accountability in the public sector setting.

The significant reforms introduced into management structures and accounting in the public sector, framed in what became known as ‘New Public Financial Management’ (Guthrie et al., 1999), were essentially aimed at increased transparency, as well as the improvement of financial reporting for decision-makers in general (Olson et al., 2001; Caperchione, 2006; Lee, 2008; Cohen, 2007; Reginato, 2008). In this context of change, financial information assumed a fundamental role in the decisions made inside organisations. With the advent of the global economic crisis of 2010, governments, particularly in Europe, found their concerns about transparency and accountability enhanced (Ernst and Young, 2010). Financial statements prepared according to modern accounting systems, ensuring reliable, accurate and appropriate financial information, started more than ever to be seen as a crucial tool to support good performance in public sector entities.

In relation to accountability, internal control might be seen as an available and important tool to support local authorities’ efficiency and effectiveness, namely regarding decision-making. Local leaders’ capacity to take appropriate decisions is affected by the quality of information, which must be adequate, opportune, up-to-date, accurate and accessible (Reginato et al., 2011). Internal control in the public sector has as a main objective, assuring conformity of reporting statements with the standards and rules, thereby increasing the responsibility and transparency of management in the use of public resources. Internal control is, therefore, one of the most important tools available in the preparation and disclosure of annual accounts, as it requires organisations to implement better monitoring of the operations they perform (Jones, 2008).
New developments in public sector management and accounting have also occurred in the Portuguese context, including in Local Administration. In Portugal, the process of global reform of the public sector accounting system began in the early nineties, with what became known as the ‘Reform of State Financial Administration’. Within this reform agenda, the Official Local Government Accounting Plan (POCAL – Law-decree n. 54-A/99, February 22) was passed in 1999, representing the starting point for providing local authorities’ managements with new instruments to support the process of internal decision-making and control.

The adoption of the new local government accounting system significantly changed the form and content of financial and budgetary reporting statements prepared and disclosed by Portuguese municipalities. The introduction of the accrual regime (similar to what has happened in many other countries) complementing the cash regime, the integration of three accounting sub-systems (Budgetary, Financial and Cost Accounting), and changes to the overall financial information reporting requirements are, among others, the main changes to have taken place in the Portuguese local government accounting system from the late nineties.

The inclusion in POCAL of compulsorily applicable internal control rules was also a markedly innovative aspect in the local government accounting reform in Portugal, since this option has never before been taken, neither in other business accounting plans nor even in the scope of the main framework plan for the public sector – Official Public Sector Accounting Plan – POCP (Law-decree n. 232/97, September 3), from which POCAL has been derived.

The modifications introduced into the accounting system after almost fifteen years of POCAL, together with the practically non-existent literature on the usefulness of financial information for local authorities’ management in Portugal, namely for internal decision-making and control, highlights the need for research in this area.

Therefore, the focus of this study is precisely on the relationship between internal control and the usefulness of financial information, prepared and disclosed within the scope of POCAL, for internal decision-making by internal users in local authorities. In this context, an answer was sought to the question: is the usefulness of financial information for internal decision-making in municipalities affected by the internal control?

In particular, this paper analyses, in the local government setting, the perceived usefulness for internal decision-making, of financial information – namely budgetary
and financial statements (statements that are compulsory within the individual annual accounts) –, and the importance of the internal control mechanisms to which this financial information is subjected. To this purpose, a survey was undertaken to collect the perceptions of internal decision-makers (financial officials and politicians) in Portuguese municipalities.

The paper is organised as follows. The second section discusses the reforms in public sector accounting and the usefulness of financial information for decision-making. The third section addresses internal control and its relationship with financial information, highlighting issues of reliability; a brief characterisation of the internal control system in POCAL is also made. The fourth section deals with the research methodology, beginning with the research questions, hypotheses, and research method. This is followed by a brief description of the population, data, and sample of the empirical study. In section five, the main findings are presented and discussed, and the last section offers some final considerations.

2. Reforms in public sector accounting and the usefulness of financial information for decision-making

The evolution in public sector accounting, namely in the local government, in the international context, is characterised by the generalised introduction of a set of significant reforms into accounting information systems. One of the objectives is to provide more diversified and useful information for decision-making, transparency and better management of public resources, thereby lessening the traditional concern about stewardship and the control of legalities associated with the need to manage public funds according to stipulated budget regulations (Benito et al., 2005). Traditional (cash-based) accounting systems implemented in public sector organisations were replaced in some countries, and complemented in others, by accrual-based accounting (Christiaens, 2001; Paulsson, 2006), leading to changes in both the form and content of financial reporting.

In this context of change, Portugal has undergone reforms to its public sector accounting system in recent years, leading to, among other things, a new and more wide-ranging and informative model of budgetary and financial reporting. In particular, concerning local government accounting, the reform aimed to provide internal and external decision-makers with additional (essentially accrual-based), on time, reliable, and hence more useful, information. It also aimed to allow greater control and
transparency in the application of increasingly scarce local public financial resources, seeking to maximise their efficiency, effectiveness, and economy.

Much of the debate surrounding cash accounting versus accrual accounting in the public sector, particularly in local government, has centred on normative arguments, and according to Andriani et al. (2010), there is a need for empirical evidence to substantiate these claims. For example, on the issue of the usefulness of accrual accounting for public sector managerial decision-making, it is relevant to consider how informative accrual accounting is for internal decision-making, but it is also necessary to corroborate this by seeking input from those actively involved in the decision-making processes.

The objective of financial reporting is to provide information about the financial position and performance of an organisation that is useful to a wide range of users (internal and external stakeholders) in making decisions (IPSASB, 2014, §2.1). Financial statements (annual budgetary and financial reporting) should be understandable, relevant, reliable, and comparable (Grossi and Reichard, 2009; Pollitt and Bouckaert, 2011; Buylen and Christiaens, 2013).

The adoption of a model of financial reporting for the public sector, based on the business sector model, has led various authors to question the usefulness of financial information disclosed by public sector bodies, to satisfy users’ needs (e.g., Hay and Antonio, 1990; Daniels and Daniels, 1991; Brusca, 1997; Guthrie, 1999; Yamamoto, 2008; Lee, 2008; Carvalho et al., 2008; Cohen, 2009; Grossi and Reichard, 2009; Kober et al., 2010; Andriani et al., 2010; Bergmann, 2012). Other authors such as Barton (2004), and Carnegie and West (2005), have shown the limited usefulness of business-type financial statements within the financial reports of public bodies, given the specificities of the public sector.

More recently, the results of studies by Andriani et al. (2010), Kober et al. (2010), and Bergmann (2012) have showed that the degree of usefulness of the obligatory financial reporting for public sector entities, based on business sector reporting, has been changing, such that it is now perceived among several users as more useful. Specifically, the study by Bergmann (2012) in Switzerland, with the purpose of analysing the influence of financial reporting on decision-making, revealed that financial reporting, namely information prepared according to accrual accounting, aims fundamentally to support decision-making. Such results appear to contradict the literature, which in many situations places this objective as secondary to the need for
accountability and transparency (Barton, 2004; López and Caba, 2004; Mack, 2004; Carnegie and West, 2005; Yamamoto, 2008; Carvalho et al., 2008; Nasi and Steccolini, 2008; Pina et al., 2009; Grossi and Reichard, 2009; Reginato, 2010).

Also in the Portuguese public sector, namely in Local Administration, the financial reporting model adopted is very close to that for businesses (with the major difference of including budgetary execution statements), hence questioning its usefulness for internal decision-making.

To make decisions (whether of political, economic, operational or other nature), internal decision-makers need a variety of information (Grossi and Reichard, 2009). According to the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities (GPFRs) of the IPSASB (IPSASB, 2014: §BC2.19), in order to respond to users’ needs for information for accountability and decision-making purposes, the financial reporting of public sector entities must include information about their past, present and future, including quantitative and qualitative financial and non-financial information, concerning the accomplishment of financial objectives and service delivery in the current period, and also concerning future activities and service provision and the consequent resource needs. Information on their compliance with approved budgets and legislation or other authority governing the raising and use of resources is likewise important. Additional to the financial statements, public sector organisations should also report information about their activities, plans and performance, as well as prospective information about economic conditions and other factors that can influence them.

Appropriate decision-making is affected by the quality of the information prepared, which should be timely, up-to-date, precise, and accessible (Reginato et al., 2011).

To this end, internal control seems to play a major role by ensuring that financial statements comply with the underlying rules and standards. The following section discusses the relationship between internal control, quality of the financial information and its usefulness for decision-making. Furthermore, it describes the internal control system applicable to Portuguese municipalities within the scope of POCAL.

3. Financial information and internal control

3.1 Qualitative characteristics and usefulness of financial information

Financial and budgetary reporting shows public sector entities’ financial position, performance, and budget accomplishment. Financial and budgetary statements comprised within this reporting are prepared with the purpose of satisfying the
information needs of a group of users who, according to the IPSASB (2014, Chapter 2), are primarily service recipients (e.g. citizens) and their representatives (e.g. politicians), and resource providers (e.g. citizens as taxpayers and financiers). These users’ needs generally relate to accountability and decision-making purposes. On the other hand, the usefulness of financial information within those statements (for their users) is determined by certain characteristics that such information must demonstrate; to reach these qualitative attributes, information must be prepared according to principles and guidelines, following recognition and measurement criteria included in the standards. As depicted in Figure 1, the accomplishment of the latter assures that the statements are a “fair presentation” of the entities’ budgetary and financial reality, thereby enhancing their usefulness for whatever purposes.

Figure 1: An outline for the usefulness of financial information

According to the IPSASB (2014, Chapter 3), the qualitative characteristics of information included in the GPFRs of public sector entities are relevance, faithful representation, understandability, timeliness, comparability and verifiability. Although reaching and balancing these characteristics is not always easy (IPSASB, 2014, Chapter 3), they are of the utmost importance in getting financial (and budgetary) information reported with enough quality so as to be useful for both purposes of accountability and decision-making. Therefore, it is clear that the quality of financial (and budgetary) information is critical in determining its usefulness. Consequently, there is a need for mechanisms ensuring that this quality is attained. Internal control
systems seem to play an important role in this field, namely in guaranteeing financial information reliability, and thus, influencing its usefulness.

3.2 Internal control and reliability of financial information
The introduction of NPM principles changed the meaning and the content of accountability in the public sector – it is no longer intended as an obligation to disclose information merely to comply with (budgetary) rules and procedures, but as a responsibility to give account to the citizenry, in terms of the allocation and use of public resources and of the results achieved (Ter Bogt and Van Helden, 2000; Mir and Rahaman, 2007; Neilson and Gregor, 2007; Ter Bogt, 2008).

Additionally, the awareness of local governments about their need to monitor activities and to implement control led to the institutionalisation of control mechanisms, which prevent error and fraud and ensure that the organisation’s objectives are achieved. Accountability for results requires the modernisation of traditional control systems (Jones, 2008; Reginato et al., 2011), such as the internal control system.

Effective internal control over financial reporting should provide reasonable assurance regarding the reliability of the financial information reported in the financial statements (Edward, 2011).

According to Statement of Auditing Standard (SAS) 55 (AICPA, 1988), internal control is a “process – effected by an entity’s board of directors, management and other personnel – designed to provide reasonable assurance regarding the achievement of objectives in (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations”.

Reginato et al. (2011) explain that the definition of internal control involves several key concepts. Firstly, internal control consists of a series of actions that permeate an entity’s activities, being more effective when it is built into the entity’s infrastructure. Secondly, internal control supplies the mechanisms needed to help understand risks in the context of the entity’s objectives. And finally, the purpose of internal control is to ensure that these objectives are achieved while minimising the risk of failure.

Anderson (1977:143; in Jones, 2008:1052) noted that with the best of intentions, most people make mistakes. These mistakes may be errors in the final results of their work, needless inefficiencies in achieving those final results, or both. And sometimes, without the best of intentions, a few people deliberately falsify. Any organisation wishing to conduct its business in an orderly and efficient manner, and to produce reliable financial
information, both for its own and for others’ use, needs some controls to minimise the effects of these endemic human failings.

In other words, the main objective of internal control is to ensure that entities carry out their activities in an orderly and efficient way, transactions take place according to established procedures, assets are safeguarded properly, fraud and error are prevented and detected, and accuracy and completeness of accounting records and timely preparation of reliable financial information are assured.

Therefore, internal control involves controlling systems and procedures adopted by the organisation’s management to ensure organisational goals are attained (Aldridge and Colbert, 1994).

Information systems play a key role in internal control elements as they produce reports, including operational, financial, and compliance-related information, making it possible to fulfil public accountability obligations. Accordingly, management’s ability to make sound decisions is affected by the quality of information that has to be appropriate, timely, up-to-date, accurate, and accessible (Reginato et al., 2011). Information is the basis for communication, which has to enable all personnel to perform their control responsibilities effectively. These requirements appear to be ensured by attending to procedures of internal control during the preparation of budgetary and financial information, taking into account the main objectives of an internal control system.

The literature seems generally to point to various types of internal control. The reporting of accurate financial (and budgetary) information is, directly and indirectly, one way to control public sector entities’ budgetary and financial management.

In the context of Local Administration, internal control takes different natures, addressing various perspectives – operational, administrative, accounting, and political (Bernardes, 2001; Carvalho et al., 2006; Reginato et al., 2011):

- Operational internal control – is the verification of the way a municipality’s expenditure and revenue are forecasted and executed, both in terms of legality – financial regularity – and in terms of efficiency, effectiveness, and economy; it might also include the verification of the bases for presentation of financial statements;

- Administrative internal control – is a hierarchical control of the procedures and records related to decision-making processes, plans, policies and objectives established by those in charge; it aims at guaranteeing the legitimacy, regularity, and fairness of the administrative action;
• Accounting internal control – is the control of procedures aimed at (a) guaranteeing reliability in the accounting records and accuracy in the preparation of accounting information, associated with compliance with accounting rules; (b) making easier the review of the authorised financing operations; and (c) assets safeguarding; and
• Political internal control – is the control exerted by the Municipal Council over the Executive, regarding the general management of the local authority.

Operational internal control is generally performed by external bodies exerting an inspection or surveillance role, while administrative and accounting internal control is the responsibility of the internal services themselves, and ultimately of the internal auditing offices.

When the internal (non-political) control is performed by the municipal bodies and services themselves, it is called “self-control”, which can be defined as a set of criteria for the arrangement and the functioning of municipal bodies and services, and the respective controlling procedures, accounting documents circulation routes and controlling points, with critical assessment by the entity itself both deciding and executing this type of control (Carvalho et al., 2006).

Finally, there is the internal auditing, which performs “the control of controls”, with the objective of helping those in charge of municipalities to perform their functions effectively, through providing analysis, assessment, recommendations, advice and information; hence, conferring reliability to the internal control system itself (Bernardes, 2001; Carvalho et al., 2006).

Basically, the internal control system is considered as a management tool that serves to achieve performance targets, preventing loss or misappropriation of resources. It further helps to ensure the reporting of reliable financial (and budgetary) information and that organisations comply with laws and regulations.

A few empirical studies have shown that internal control is indeed fundamental for the usefulness of financial information for decision-making. For example, Yamamoto (2008), when analysing the determinants of the relationship between the use and usefulness of financial information for politicians’ decision-making processes in central and local government in Japan, concluded, among other things, that politicians emphasise the importance of internal control in the use/usefulness of financial information in their decisions. Additionally, Brusca (1997), in the case of Spanish municipalities, observed a positive relationship between the internal control to which
financial information is subject, and its usefulness. She also noted that the users of financial information are aware of the importance of the role of auditing in the usefulness of financial information.

In summary, internal control is currently considered a key instrument for the credibility and validation of financial information, something natural and indispensable for good performance in public sector organisations, particularly local ones. The usefulness of financial information for decision-making seems, therefore, related to the internal control to which it is subject, as shown by the results of the studies by Brusca (1997) and Yamamoto (2008).

3.3 Internal control in Portuguese municipalities: requirements of POCAL

One of the main concerns when the current Portuguese local government accounting framework was passed, was for municipalities to prepare budgetary and financial statements within the three integrated accounting sub-systems (Budgetary, Financial, and Cost Accounting) with the purpose, among others, of forming an important instrument to support decision-making in the management of local authorities.

Accordingly, these statements should be prepared in compliance with legal regulations and accounting principles and standards, namely those established in POCAL. To monitor this conformity introduced as a necessary condition for information reliability, POCAL referred to the need for municipalities to develop an internal control system.

According to article 3 of POCAL, the local government accounting framework includes technical considerations, accounting principles and rules, measurement criteria, estimated budgetary statements, the accounts plan, the internal control system, financial and budgetary reporting statements (annual accounts), and specific criteria and methods. Therefore, the local government accounting system is supported by an internal control system, in which controlling policies and methods should be set out, together with the definition of functional responsibilities within the organisational structure (POCAL, section 2.9).

It should be noted, however, that procedures for internal control in Local Administration were already being encouraged through the previous accounting regulations applying to municipalities, via the norms contained in Law-decree n. 341/83, June 21, and in Regulatory Law n. 92-C/84, December 28.

In order for the budgetary and financial information prepared by municipalities to be considered in conformity with the legally approved accounting framework, the internal
control procedures defined in POCAL\textsuperscript{iv} must be followed. The intention is to ensure namely, the legality and regularity of operations, the fulfilment of management plans and policies defined at a higher level, the safeguarding of assets, the approval and control of accounting documents, the accuracy and integrity of accounting records, the effectiveness of management, and the preparation of reliable financial information on time (POCAL, section 2.9.1).

The rigour and reliability of financial information thus depends essentially on the organisation’s internal control system, which contributes towards improving the quality of information in general (hence, for the purpose of decision-making), and to management effectiveness, through its requirement to prepare and disclose on-time financial information and allow for its validation.

In greater detail, section 2.9.2 of POCAL also states that the methods and procedures of internal control to be adopted by municipalities should have the following aims:

1. Safeguarding legality and regularity concerning the elaboration, execution and modification of estimated budgetary statements, the elaboration of financial statements and the accounting system as a whole;
2. Complying with the deliberations of the municipality’s bodies (e.g. Local Council) and the decisions of those chairing them;
3. Safeguarding of property;
4. Approval and control of documents;
5. Accuracy and integrity of accounting records, hence ensuring reliability of the information produced;
6. Increased operational efficiency;
7. Appropriate use of funds and compliance with legal limits regarding the acceptance of commitments;
8. Control of applications and of the ITC environment;
9. Transparency and competition in the field of public markets; and,
10. Timely recording of operations for the correct amount, in the appropriate documents and ledgers and in the respective accounting period, according to management decisions and according to legal precepts.

In May 2011, Portugal signed a “Memorandum of Understanding on Specific Economic Policy Conditionality” with the International Monetary Fund, the European Commission, and the European Central Bank (named TROIKA). This Memorandum
included a “Financial and Economic Adjustment Program” through which the country was granted financial assistance, with the purpose of correcting macroeconomic and financial imbalances and accomplishing a structural change in the Portuguese economy, creating specific conditions required for achieving sustainable economic growth. The whole of the public sector, including local government, has been involved in this process of economic and financial reforms, which have enhanced the importance of internal control in the management of public sector entities overall.

Internal control (re)emerges in the public administration context in general, hence in the local government, as a mean to assure compliance and quality and reliability of financial and budgetary reporting, allowing for credible indicators about the entities’ financial condition, thereby increasing the usefulness of financial and budgetary information for decision-making.

The most recent Local Finance Regime Law (Law n. 73/2013, September 3), like the previous one (Law n. 2/2007, January 15), strengthens the importance of compliance and reliability of the information produced by the accounting system, by requiring municipalities to develop substantial means of internal control of the whole system of budgetary execution and monitoring, as well as of financial accounting records. Those controlling means must also allow for a rigorous calculation of quantitative data from accounting records.

4. Research Methodology

4.1 Questions, hypotheses and research method

The main objective of this study is to determine whether the perceived usefulness of financial information for internal decision-making by municipal users (politicians and financial officials) is affected by the internal control. In order to accomplish this objective, the following research questions were defined:

1. What is the degree of perceived usefulness of financial information (budgetary and financial statements) in supporting internal decision-making?

2. What is the importance of the internal control to which municipal financial information is subjected, and to what extent does that control affect the perceived usefulness of the information for internal decision-making?

From the above, based also on the literature on sections 2 and 3, two research hypotheses were established:
H1: Financial information (budgetary and financial statements) is useful for internal decision-making.

H2: The perceived usefulness of financial information for internal decision-making is affected by the internal control to which that financial information is subjected.

To test these hypotheses data were collected using a questionnaire (see Appendix) distributed to all Portuguese municipalities. This survey was prepared fundamentally from the literature and other studies analysed, as well as from the accounting standards applicable to Portuguese municipalities – POCAL.

The theoretical references adopted in this empirical study come essentially from existing studies on the usefulness of financial information reporting in Public Administration entities, namely for internal users in Local Administration, in the context of internal decision-making and control. Given the proposed objectives, the research was classified as positivist with a quantitative approach.

The questionnaire was inspired by viewpoints derived from the literature on the use of financial information for accountability and decision-making in the public sector, namely from studies about Local Government, such as those performed by Daniels and Daniels (1991), Brusca (1997), López and Caba (2004), Mack (2004), Yamamoto (2008), Cohen (2009), Kober et al. (2010) and Andriani et al. (2010). However, many items included concern particularities of Portuguese municipalities’ annual reporting according to POCAL.

In order to answer the first research question, a scale from ‘1-Not at all useful’ to ‘5-Very useful’, was used to determine the perceived usefulness of budgetary and financial statements of Portuguese municipalities, in the scope of POCAL, for internal decision-making. To respond to the second question, account was taken of the different types of internal control to which financial information is usually (directly or indirectly) subjected by the legal rulings applied to the public sector in Portugal, namely to Local Administration. In this way, the importance of the different types of internal control imposed upon financial information to ensure its reliability was determined on a scale from ‘1-Not at all important’ to ‘5-Very important’.

4.2 Population, data and sample

Bearing in mind the purpose of this paper and considering that the study concerns analysing the Local Government setting, the target population was defined as local
politicians and chief financial officers, as decision-makers in charge of the financial area in all Portuguese municipalities (308). Respondents were selected considering their dominant role as municipal internal decision-makers, and subsequently the main users of financial information for that purpose. The option for internal users as the subject of the empirical research is due to the fact that, following the introduction of the NPM principles, they seemed to have increased their role as major users of financial information produced by the local governments’ accounting system. Therefore, two groups per local authority were considered as the unit of analysis, as follows:

1) Political decision-makers (politicians) – member of the Executive held responsible for the finance issues/department (President or Alderman);

2) Technical decision-makers (financial officials) – person in charge of local authority finance area (e.g. Head of Department).

That considered, the total population was comprised of 616 decision-makers in the 308 Portuguese municipalities.

As mentioned, data were obtained through a questionnaire sent by e-mail. The response rate was of 49.03%, with the final sample containing 302 valid responses (94 responses from politicians, and 208 from financial officers).

Concerning the profile of the respondents in the final sample (Table 1), the majority (56.96%) were found to have been in their current posts for a period between 1 and 9 years. In more detail, 30.77% of financial officers had been in their current post for a period between 5 and 9 years, and 44.68% of politicians for a period between 1 and 4 years. The differences between these percentages are most likely a reflection of the fact that the electoral period for political decision-makers is four years. Given the length of experience within their positions held by the majority of respondents, it can be assumed that these individuals are very familiar with the research topic, and would have extremely important contributions to make, thereby confirming the population as a good quality source of data. The quality of the data source is also supported by the respondents’ background, in that 78.10% have training in the field of management (including Economics/Management, Accounting and Auditing). Considering the decision-makers groups, experience in the field of Economics/Management predominates in both.
The predominant level of academic qualifications among respondents was Higher Education (90.06%). Only 9.94% of respondents had no more than Secondary School qualifications, which was expected and is justified given that the questionnaire was directed to politicians and financial officers, people in charge of local authority finance.

Table 1: Respondents’ profile by type of decision-maker

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<td>43</td>
<td>20.67</td>
<td>54</td>
<td>17.88</td>
<td></td>
</tr>
<tr>
<td>&gt; 15 years</td>
<td>16</td>
<td>47</td>
<td>22.60</td>
<td>63</td>
<td>20.86</td>
<td></td>
</tr>
<tr>
<td>Education level</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Doctorate</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>0.66</td>
<td></td>
</tr>
<tr>
<td>Master</td>
<td>15</td>
<td>10</td>
<td>4.81</td>
<td>25</td>
<td>8.28</td>
<td></td>
</tr>
<tr>
<td>Degree Course</td>
<td>63</td>
<td>182</td>
<td>22.75</td>
<td>245</td>
<td>81.12</td>
<td></td>
</tr>
<tr>
<td>High School</td>
<td>14</td>
<td>16</td>
<td>7.69</td>
<td>30</td>
<td>9.94</td>
<td></td>
</tr>
</tbody>
</table>

5. Presentation, analysis and discussion of the results

This section presents and discusses the main findings, at the same time as it explains the statistical techniques used to test the hypotheses.

5.1 The perceived usefulness of financial information for internal decision-making

Table 2 synthesises the main findings about the perceived usefulness for internal decision-making of financial information prepared according to POCAL. The results show that Portuguese local authorities’ internal users, regardless whether politicians or financial officials, consider the majority of budgetary and financial statements to be quite useful in this respect (with usefulness above the intermediate value on the scale, ranging from ‘1-Not at all useful’ to ‘5-Very useful’).
The descriptive empirical analysis shows that the Management Report and the Indebtedness Statement (Borrowings and Accounts Payable to Others) are the most useful reporting statements for decision-making (with an average degree of perceived usefulness of 4.53 and 4.52, respectively). These results concur with the findings by Brusca (1997), whose respondents also consider the Indebtedness Statement extremely useful. Budgetary Modifications Statements – Expenditure and Revenues, the Statement of Modifications in the Investments Multi-annual Plan, the Statement of Fixed and Variable Income Assets, and the Statement of Production Variation are those shown to be the least useful, but even so, above the intermediate value on the scale.

Despite the non-existence of statistically significant differences between political and technical decision-makers in respect of most of the statements, it is noticeable that generally the group of financial officials found them more useful.

The findings also show that the financial information disclosed in the reporting statements is in general quite useful for both political and technical decision-makers,

<table>
<thead>
<tr>
<th>Table 2: Perceived usefulness of financial information (budgetary and financial statements)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Indicate the degree of usefulness of the following reporting statements (mandatory) present in your internal decision-making.</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Management Report</td>
</tr>
<tr>
<td>Indebtedness Statement – Borrowings and Accounts Payable to Others</td>
</tr>
<tr>
<td>Budgetary Control Statements – Expenditures and Revenues</td>
</tr>
<tr>
<td>Investment Multi-annual Plan</td>
</tr>
<tr>
<td>Annual Execution Statement of the Investment Multi-annual Plan</td>
</tr>
<tr>
<td>Balance Sheet</td>
</tr>
<tr>
<td>Income Statement by Nature</td>
</tr>
<tr>
<td>Cash Flow Statement</td>
</tr>
<tr>
<td>Current and Capital Transfers Statement – Revenue</td>
</tr>
<tr>
<td>Current and Capital Transfers Statement – Expenditure</td>
</tr>
<tr>
<td>Financial Income Statement</td>
</tr>
<tr>
<td>Statement of Grants Obtained</td>
</tr>
<tr>
<td>Statement of Grants Given</td>
</tr>
<tr>
<td>Extraordinary Income Statement</td>
</tr>
<tr>
<td>Statements of Gross Fixed Assets and Accumulated Depreciation and Adjustments</td>
</tr>
<tr>
<td>Administrative Procurement Statement – Contracts Situation</td>
</tr>
<tr>
<td>Order Accounts Statement</td>
</tr>
<tr>
<td>Treasury Operations Statement</td>
</tr>
<tr>
<td>Statement of cost of goods sold and materials consumed</td>
</tr>
<tr>
<td>Budgetary Modifications Statements – Expenditures and Revenues</td>
</tr>
<tr>
<td>Statement of Modifications of the Investment Multi-annual Plan</td>
</tr>
<tr>
<td>Statement of Fixed and Variable Income Assets</td>
</tr>
<tr>
<td>Statement of Production Variation</td>
</tr>
</tbody>
</table>


* Asym. Significance, t-Student test.

** a, b, c indicate statistical significance at the 1%, 5% and 10% levels, respectively.

\[ n = 302 \]
there being clear evidence that the information prepared on an accrual basis already presents a high degree of perceived usefulness for both types of internal decision-maker. However, one can also observe that cash-based budgetary statements continue to be preferred for the process of internal decision-making, with average perceived usefulness values being higher than other accrual-based financial statements.

In order to confirm the tendency of respondents’ answers referring to the perceived usefulness attributed to reporting statements, the *t-Student* parametric test for one sample was used. In the scale produced to ascertain the perceived usefulness of reporting statements, level 3 (‘Moderately useful’) was taken as the value of reference in defining the hypotheses for study, as it represents the minimum acceptable perceived usefulness. The intention was, therefore, to test: $H_0$ «The average perceived usefulness of reporting statements is equal to or less than 3» and $H_a$ «The average perceived usefulness of reporting statements is greater than 3».

For a level of significance of 0.05, the results of the *t-Student* test show statistical evidence, demonstrating that the average perceived usefulness is above 3 ($p$-value < 0.001), measured on a scale from ‘1-Not at all useful’ to ‘5-Very useful’. It is, therefore, estimated that, with at least 95% confidence, the average perceived usefulness of reporting statements is between 3.6 and 4.6, which confirms the tendency shown in the results of the descriptive statistics. This means that considerable perceived usefulness is attributed to reporting statements for internal decision-making, hence leading to acceptance of $H_1$.

These findings are not aligned with those in the studies by Barton (2004), López and Caba (2004), Mack (2004), Carnegie and West (2005), Yamamoto (2008), Carvalho et al. (2008), Nasi and Steccolini (2008), Pina et al. (2009), Grossi and Reichard (2009), and Reginato (2010), where it was assumed that financial reporting statements are not very useful for decision-making, and that a need for them to be complemented exists. However, our results do agree with other more recent studies, such as those of Andriani et al. (2010), Kober et al. (2010) and Bergmann (2012). Consequently, this research makes a contribution in reinforcing the indication that municipalities’ internal users’ attitudes towards using financial reporting for decision-making are changing.

Additionally, empirical evidence indicates that the reform of Local Government accounting in Portugal, namely the introduction of POCAL, seems to have provided more useful financial reporting for municipal internal decision-makers, a trend that supports the theory of users and their needs. We are also of the opinion that the years
which have passed since the introduction of the reform could have contributed to these results, since users already possess some experience in using the reporting statements concerned.

5.2 The importance of internal control in the perceived usefulness of financial information

As mentioned, Portuguese municipalities’ budgetary and financial information is, directly or indirectly, subject to different types of internal control: operational internal control, administrative internal control, accounting internal control, and political internal control. When non-political internal control is performed by the entities’ services, it is designated as “self-control”. At a broader and upper level there is internal auditing. Internal control is important to support the usefulness of budgetary and financial information, in that it can ensure its accuracy, timeliness, and reliability (POCAL, section 2.9.1). Internal auditing is important to ultimately assure that internal controls work properly.

In order to assess the importance of the internal control to which financial information is subjected, both groups of decision-makers in the empirical study were asked about the importance of the different types of internal control, and of internal auditing, in assuring the appropriate quality of information for decision-making. The questions asked sought to understand the extent to which internal control (including internal auditing) is important to the quality, and subsequent perceived usefulness of financial information, the main objective of this study.

The findings show that, in general, all the different types of internal control are considered moderately important or very important (Table 3). The most important type was accounting internal control (mean of 4.20). Internal auditing was also considered as of high importance (mean of 4.07). Political internal control was accorded the least importance (mean of 3.55), but nonetheless, still above the intermediate point of the scale.

Although the differences regarding the importance of the different types of internal control over financial information, and of internal auditing, were not statistically significant between the two groups of decision-makers (last column in Table 3), surprisingly, in most types of internal control, it was the group of politicians who considered them to have greater importance. This may be explained by the
responsibility placed upon political decision-makers in for example, applying public money efficiently, effectively, and economically.

Table 3: Importance of different types of internal control (including internal auditing)

<table>
<thead>
<tr>
<th>Description</th>
<th>Mean (n=302)</th>
<th>St. Dev.</th>
<th>Min./Max.</th>
<th>%1/2*</th>
<th>%4/5*</th>
<th>Politicians Mean (n=94)</th>
<th>Financial Officials Mean (n=208)</th>
<th>Sig. *</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting internal control</td>
<td>4.20</td>
<td>0.752</td>
<td>1/5</td>
<td>0.30</td>
<td>81.50</td>
<td>4.13</td>
<td>4.23</td>
<td>0.270</td>
</tr>
<tr>
<td>Internal auditing</td>
<td>4.07</td>
<td>0.848</td>
<td>1/5</td>
<td>2.00</td>
<td>73.50</td>
<td>4.13</td>
<td>4.05</td>
<td>0.451</td>
</tr>
<tr>
<td>Operational internal control</td>
<td>4.03</td>
<td>0.827</td>
<td>1/5</td>
<td>1.70</td>
<td>71.50</td>
<td>4.09</td>
<td>4.00</td>
<td>0.408</td>
</tr>
<tr>
<td>Self-control</td>
<td>3.98</td>
<td>0.767</td>
<td>2/5</td>
<td>0.70</td>
<td>71.20</td>
<td>3.94</td>
<td>4.00</td>
<td>0.495</td>
</tr>
<tr>
<td>Administrative internal control</td>
<td>3.86</td>
<td>0.806</td>
<td>1/5</td>
<td>2.00</td>
<td>65.90</td>
<td>3.90</td>
<td>3.85</td>
<td>0.563</td>
</tr>
<tr>
<td>Political internal control</td>
<td>3.55</td>
<td>0.902</td>
<td>1/5</td>
<td>9.90</td>
<td>51.70</td>
<td>3.65</td>
<td>3.50</td>
<td>0.199</td>
</tr>
</tbody>
</table>


*b Asym. Significance, t-Student test.

Concerning the importance of internal control (including internal auditing) in preparing financial information for internal decision-making, Table 4 shows that, in general, it is fairly important for all items presented to decision-makers. The greatest importance was attributed to the fact that it ‘ensures legality and regularity of operations’ (mean of 4.24), and then because it ‘contributes to improving the quality of information and management effectiveness’ (mean of 4.22). With a lower mean (4.05), but still in the upper levels of the scale, internal control was perceived as important for internal decision-making because it ‘validates the financial information’.

Between the decision-making groups there are no statistically significant differences (last column in Table 4). However, politicians tend to attribute the highest values to the reasons for the importance of different types of internal control in preparing financial information. This is justified by the results appearing in Table 3, where it is also seen to be the political decision-makers who attribute the highest values to the majority of different types of internal control to which financial information is subjected.
Table 4: Reasons for the importance of internal control (including internal auditing) of financial reporting for decision-making

<table>
<thead>
<tr>
<th>Description</th>
<th>Decision-makers</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Politicians</td>
<td>Financial Officials</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mean (n=94)</td>
<td>Mean (n=208)</td>
<td>Sig.(^b)</td>
<td></td>
</tr>
<tr>
<td>Ensures the legality and regularity of operations</td>
<td>4.24</td>
<td>4.28</td>
<td>0.530</td>
<td></td>
</tr>
<tr>
<td>Contributes to improving the quality of information and management effectiveness</td>
<td>4.22</td>
<td>4.22</td>
<td>0.937</td>
<td></td>
</tr>
<tr>
<td>Contributes to improving the trustworthiness of financial information</td>
<td>4.17</td>
<td>4.21</td>
<td>0.535</td>
<td></td>
</tr>
<tr>
<td>Allows opportune preparation of reliable financial information</td>
<td>4.13</td>
<td>4.14</td>
<td>0.886</td>
<td></td>
</tr>
<tr>
<td>Validates financial information</td>
<td>4.05</td>
<td>4.07</td>
<td>0.719</td>
<td></td>
</tr>
</tbody>
</table>


In summary, the findings seem to indicate that internal users in Portuguese municipalities, regardless of whether they are politicians or financial officials, ascribe, on average, a considerable degree of importance to internal control in preparing financial information for decision-making.

An additional analysis considered the relationship between the internal control to which financial information is subjected, and the usefulness of that information for internal decision-making. For this purpose, the Spearman Rho coefficient was used. It was then found that, for a level of significance of 0.01, there is statistical evidence showing that the internal control over financial information, and the usefulness of that information for internal decision-making are positively associated. Indeed, a moderate and direct relationship is found between the internal control to which financial information is subjected, and the usefulness of budgetary and financial statements for internal decision-making (rho\(_{(302)}\) = 0.464).

Therefore, the main findings from the analysis of the relationship between the usefulness of financial information for decision-making, and the internal control to which that information is subjected, allows an overall corroboration of H\(_2\), with some confidence. The results obtained also reflect the assumptions of the two groups of information users and their needs. Moreover, the positive association that was found is in agreement with findings in the studies by Brusca (1997) and Yamamoto (2008), and such alignment represents another major contribution of this paper, since it helps crystallise the embryonic empirical evidence concerning the relationship between
6. Conclusions

The importance of financial information prepared and disclosed by the different governments and public sector organisations has increased in recent years due to the economic crisis, which has brought a greater need for transparency. In Portugal, among various changes introduced into the financial information systems of public sector accounting, namely into Local Government accounting and reporting, are the methods and procedures of internal control (POCAL, section 2.9). An efficient control system is considered a key instrument in validating budgetary and financial information, making it more reliable, and ultimately more useful for whatever purposes.

Considering the relationship between internal control and financial information, this paper intended primarily to analyse whether the perceived usefulness of financial information for decision-making by internal users in municipalities (politicians and financial officials) is affected by internal control. It sought to answer two main questions.

Regarding the first question, about the degree of perceived usefulness of financial information (budgetary and financial statements) in supporting internal decision-making, the results show a high degree of perceived usefulness for both types of decision-maker – politicians and financial officials. Particularly, financial information prepared on an accrual basis presents a high degree of perceived usefulness. These results are in accordance with recent literature and empirical studies.

In relation to the second question, about the importance of internal control (including internal auditing) in preparing financial information, and the extent to which those controls affect the perceived usefulness of that information for internal decision-making, this study confirms that, in general, internal control is considerably important for all items presented to decision-makers, especially for ensuring the legality and regularity of operations, and contributing towards improving the quality of information and management effectiveness in general. Furthermore, the study concludes that the usefulness for internal decision-making of financial information prepared and disclosed by Portuguese municipalities according to the current system of Local Government accounting and reporting, is perceived to be positively affected by the existence of internal controls. Therefore, internal control assumes a particularly relevant role in the
usefulness of financial information for decision-making, according to the perceptions of municipalities’ main internal users (both political and technical decision-makers), in that it allows for greater quality of the information produced. Having more reliable (credible and precise) information, timely and free from errors, local authorities leaders are provided with the means for better decision-making, leading to improved performance in the entities’ management. As to the types of internal control relevant to ensure the reliability of financial information for internal decision-making, the different kinds of internal control to which financial information is subjected are all considered fairly important, with accounting internal control being particularly significant. In addition, politicians were those found to give, on average, most importance to the different types of control.

This study aimed to contribute to the relevant debate on the relationship between internal control and the usefulness, for decision-making, of budgetary and financial information prepared and disclosed by local governments. The research also contributes in the area of policy-making, in as much as it highlights some aspects that might lead to improvements in the accounting and reporting system, namely in respect of the information produced (e.g. the analysis shows some types of information as more useful than others for internal decision-making), and the internal control it should be subject to. This is very important in the current context where a new reform of public sector accounting systems worldwide is being considered in light of the implementation of the IPSASs.

Nevertheless, some limitations must also be acknowledged. Findings might have been affected by the fact that respondents to the questionnaires could have been sympathetic to the reforms introduced by POCAL; this might apply especially to politicians linked to the political party that promoted the reforms. Nevertheless, we believe that the possible political bias is irrelevant, given the time distance between POCAL’s introduction (1999) and the election of most respondents (at least 10 years after that). Another limitation might concern the fact that new laws and regulations passed after POCAL (e.g. a new Local Finance Law in 2007), might have somehow affected the answers regarding the perceived usefulness of budgetary and financial information for internal decision-making, as well as the importance of the internal control to which that information must be subject.

These aspects not considered in the current research, and can therefore, be starting points for future developments of this work, allowing for the elaboration of other
possible determinants of the perceived usefulness of financial information for internal
decision-making in public sector entities.

Notes

i Accountability can be defined as the process by which public sector bodies, and their leaders and
managers, are responsible for their decisions and actions, including management of public funds and all
aspects of performance, and open to appropriate external trial. Indeed, it is the obligation to respond to a
responsibility conferred (Reginato, 2010).
The term accountability means giving account in a wide sense, including the concepts of transparency and
accepting responsibilities associated with management of public sector organisations.

ii Despite other forms of local authorities existing in Portugal, such as civil parishes, municipalities are, in
fact, the main form of local government.

iii With the approval of POCAL these rulings were revoked.

iv For example: (1) fixed assets acquisitions should be carried out according to the Multi-annual
Investment Plan (PPI) and based on the Executive’s deliberations, through external requisitions or an
equivalent document, namely a contract issued by those nominated for this purpose, after confirming
compliance with the legal rules applicable to public procurement, namely regarding contract work and
supplies; (2) purchases are made by those in charge of the department nominated to do so, based on
external requisitions or contracts, after confirming compliance with the legal rules applicable to public
procurement, namely regarding the acceptance of commitments for tenders and contracts.


vi The issues dealt in this paper derive from applying a more extensive questionnaire, within a larger
project where one generally assessed the perceived usefulness of the financial reporting information for
internal decision-making in Portuguese municipalities; in this survey, there were some questions
addressing internal control issues and how it might, in the opinion of the respondents, affect such
perceived usefulness. These are the questions dealt with in this paper and therefore the ones presented in
the Appendix, in accordance with the objective to be analysed.

vii Questioning heads of finance departments and auditors, Brusca (1997) found that deliberative bodies
and heads of economic-financial departments were considered the most important users of financial
information in Spanish municipalities.
In the Portuguese context, Carvalho (2010) also aimed to determine the main recipients of accounting
reporting in municipalities, according to the perception of heads of finance services and auditors. Main
findings showed the Executive and the Local Council to be the main recipients.
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Carvalho, J; Fernandes, M. J. and Teixeira, A. (2006); *POCAL Comentado*, Lisboa, Editora Rei dos Livros.


Ernst and Young (2010), *Toward Transparency: A Comparative Study of Accounting in Europe*, Ernst & Young.


APPENDIX

Questionnaire to Politicians and Chief Officials responsible for the financial area of Portuguese Municipalities (elaborated and translated by the authors, from the Portuguese version)

1. On a scale of 1 to 5, where 1 is Not at all useful and 5 is Very useful, please indicate the degree of usefulness the following reporting (mandatory) statements present in your decision-making: (mark your answer with a circle)

   1.1 Balance Sheet  
   1.2 Income Statement by Nature  
   1.3 Investment Multi-annual Plan  
   1.4 Budgetary Control Statements – Expenditures and Revenues  
   1.5 Annual Execution Statement of the Investment Multi-annual Plan  
   1.6 Cash Flow Statement  
   1.7 Order Accounts Statement  
   1.8 Treasury Operations Statement  
   1.9 Statements of Gross Fixed Assets and Accumulated Depreciation and Adjustments  
   1.10 Statement of cost of goods sold and materials consumed  
   1.11 Statement of Production Variation  
   1.12 Financial Income Statement  
   1.13 Extraordinary Income Statement  
   1.14 Budgetary Modifications Statements – Expenditures and Revenues  
   1.15 Statement of Modifications to the Investment Multi-annual Plan  
   1.16 Administrative Procurement Statement – Contracts Situation  
   1.17 Current and Capital Transfers Statement – Expenditure  
   1.18 Statement of Grants Given  
   1.19 Current and Capital Transfers Statement – Revenue  
   1.20 Statement of Grants Obtained  
   1.21 Statement of Fixed and Variable Income Assets  
   1.22 Indebtedness Statement – Borrowings and Accounts Payable to Others  
   1.23 Management Report  

2. What importance do you give, in the context of your decision-making, to the different types of internal control over financial information? (for each item, please mark your answer considering the scale of 1 to 5, where 1 is Not at all important and 5 is Very important)

   2.1 Operational internal control (verification of the way a municipality’s expenditure and revenue are forecasted and executed, both in terms of legality – financial regularity – and in terms of efficiency, effectiveness, and economy; it might also include the verification of the bases for presentation of financial statements)  
   2.2 Self-control (a set of criteria for organisation and functioning of municipal bodies and services, and the respective controlling procedures, accounting documents circulation routes and controlling points, with critical assessment by the entity itself, both deciding and executing this type of control)  
   2.3 Political internal control (control exerted by the Municipal Council over the Executive, regarding the general management of the local authority)  
   2.4 Administrative internal control (hierarchical control and of the procedures and records related to decision-making processes, plans, policies, and objectives established by those in charge; it aims at guaranteeing the legitimacy, regularity, and fairness of the administrative action)  
   2.5 Accounting internal control (control of procedures aimed at (a) guaranteeing reliability in the accounting records and accuracy in the preparation of accounting information, associated with compliance with accounting rules; (b) making easier the review of the authorised financing operations; and (c) assets safeguarding)  
   2.6 Internal auditing (the control of controls’, with the objective of helping those in charge of municipalities to perform their functions effectively, through providing analysis, assessment, recommendations, advice and information; hence conferring reliability to the internal control system itself)  

3. In your decision making, internal control of financial reporting is important because: (for each item, please mark with a circle your answer considering the scale of 1 to 5, where 1 is Not at all Important and 5 is Very Important)

   3.1 Validates financial information  
   3.2 Contributes to improving the trustworthiness of financial information  
   3.3 Ensures the legality and regularity of operations  
   3.4 Contributes to improving the quality of information and management effectiveness  
   3.5 Allows timely preparation of reliable financial information  
   3.6 Other (Which?)  

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4. What is the position you hold in the municipality? (please mark ✓ in your response)

☐ Politician  ☐ Financial Official

5. For how many years have you assumed your current position? (please mark ✓ in your response)

☐ < 1 year  ☐ 1 - 4 years  ☐ 5 - 9 years  ☐ 10 - 14 years  ☐ > 15 years

6. What is your educational level? (please mark ✓ in your response)

☐ Doctorate  ☐ Bachelor  ☐ Less than high School

☐ Master  ☐ High School  ☐ Other (Which?) ___________

7. What is your training area? (please mark ✓ in your response)

☐ Economics/Management  ☐ Auditing  ☐ Engineering

☐ Accounting  ☐ Public Administration  ☐ Other (Which?) ___________

8. How old are you? (please mark ✓ in your response)

☐ < 25 years  ☐ 25 - 35 years  ☐ 36 - 45 years  ☐ 46 - 55 years  ☐ > 55 years

Biographical notes

Sónia Nogueira, teaches at the School of Public Management, Communication and Tourism (EsACT) at the Polytechnic Institute of Bragança (IPB) since 2000. She becomes Assistant Professor in 2013 in the same school. Currently lecturing Public Sector Accounting, Public Audit and Management, both at undergraduate and postgraduate levels, her research interests focus on Public Sector Accounting and Management, particularly on the Local Government area - Financial Reporting.

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She was awarded her first degree in Audit and Management Control (School of Technology and Management, Polytechnic Institute of Bragança) in 1999, MsC in Management and Accounting (Economics and Business School, University of Minho, Portugal) in 2006, sufficiency researcher in Accounting and Business Organization (Business and Economic Sciences School, Autonomous University of Madrid, Spain) in 2010 and PhD in Economics and Business – Local Government Accounting (Business and Economic Sciences School, Autonomous University of Madrid, Spain) in 2012.

She has been author of national and international communications on Public Sector Accounting, specifically on local government accounting, such as the communication present in European Group for Public Administration (EGPA) Conference in 2016, Comparative International Governmental Accounting Research (CIGAR) Conference in 2016, others. She also is a co-author of the book “Balanced Scorecard Applied to Public Administration” (2007, Lisbon, Portugal: Publisher Team).


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